

GOLD COAST

Bill,
When you get a chance
Fray

Background

- Gold Coast introduced only to Indian Reservations in Region December, 1995.
- Objective was to gain on RJR entry to compete with Prime Private Stock and Indian brands.
- Brand priced at Full margin less \$5.00 off invoice. Sales Force bought down \$1.00 per carton to get to Prime/Private Stock level. Money came from Best Value funding.
- Brand was able to build a decent share during this period.

August Changes

- Off invoice increased to \$5.52. Sales Force stops discounting.
- Objective was to set price out of wholesale at parity with Prime/Private Stock. This has not happened. Brand is going out of wholesale approximately 17¢ more than Prime/Private Stock. Appears to be a price structure problem.
- Consumer pays approximately 30¢ more vs. Prime/Private Stock after retail mark up.

Issues

- Brand does not appear to be priced at a level to compete with Prime/Private Stock at wholesale.
- Private Stock is flighting 50¢ off promotion at retail. Additional spending on Gold Coast could result in negative profit.
- We will most likely not be able to maintain volume for this brand at present levels if not price competitive.
- What do we do short term (October) vs. Private Stock's 50¢ promotion?
- What is our long term objective with the brand and how do we do it?

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Plan

- ✗ • Investigate Price structure vs. Prime/Private Stock to determine to what extent we're disadvantaged.
- Determine feasibility to ask for further pricing adjustments to the brand to become competitive. Would need to determine profitability of brand and whether we strategically would price a brand at parity with Prime/Private Stock. If we choose this route we could maintain our business, but at what cost.
- Alternative is to get wholesalers to set the best possible price for the brand out to retail. I am not sure we're there yet. We could expect some volume loss, but to what extent is unknown. Would be dependent on whether the brand has built any equity (if possible in the low price tier) to be able to sell at a slightly higher level than Prime/Private Stock.

From 5/24
✗ - I agree with Plans & Lots
Look @ Pricing at Wholesale and
Retail . . . Bundle with
Partners Programs!

Thanks,

Bill

GOLD COAST INFORMATION

• 4 accts shipping to Indians
• volume is pretty large

96 GOLD COAST SHIPMENTS (CS)

Jan-96	587
Feb-96	563
Mar-96	690
Apr-96	835
May-96	704
Jun-96	676
Jul-96	666
Aug-96	720

MONTH TO MONTH TREND: 15.2
INCREASING

SPENDING

JAN-AUG: 303,908 7
A.F.V. CTN 1.02 0

91% OF VOLUME IS BEING PROMOTED

average cost to promoted 1 months
business = 37,000. —

AIM SOM INFO

SOM/ATTEA	JAN/FEB	MAR/APR	MAY/JUN
DORAL	7.78	7.03	7.53
MONARCH	4.31	3.67	3.96
GOLD COAST	2.5	3.01	2.63
BASIC	5.7	4.36	5.67
GPC	3	2.87	3.91
P-STOCK	8.05	8.09	7.57

- No major share shifts during 96.

- Appears that Monarch is vulnerable brand
of the group.

SOM/BEDELL	JAN/FEB	MAR/APR	MAY/JUN
DORAL	6.65	6.39	6.86
MONARCH	5.43	4.6	4.87
GOLD COAST	2.14	2.46	2.01
BASIC	4.01	3.98	4.94
GPC	3.77	3.38	4.04
PRIME	8.65	8.81	6.85 ✓

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